Weekly Economic Review

Alberta keeps adding jobs despite headwinds

Labour Market

A pleasant surprise to start 2015

Alberta began 2015 with a 13,700 employment gain in January, the fifth straight month of gains, for year-over-year (y/y) employment growth of 3.0%. The unemployment rate fell 0.2 percentage points to 4.5%. Alberta now shares the lowest unemployment rate with Saskatchewan. The majority of the job gains were in full-time (+10,100) and self-employment (+7,500). The gains were broad-based, with 10 out of 16 industries posting gains. However, there are signs lower oil prices are starting to feed into the labour market. Oil and gas; construction; and professional, scientific and technical employment posted losses. Finance and real estate employment also fell, possibly signifying a loosening housing market.

Canadian employment gained a surprising 35,400 jobs, reversing the losses over the previous two months. Employment increased in eight out of 10 provinces, led by Quebec (+16,000) and Alberta. Saskatchewan (-8,400) and Nova Scotia (-100) posted the only losses. Canadian employment increased by 0.7%y/y, with Alberta accounting for half the growth.

Building Permits

Building permits bounce back

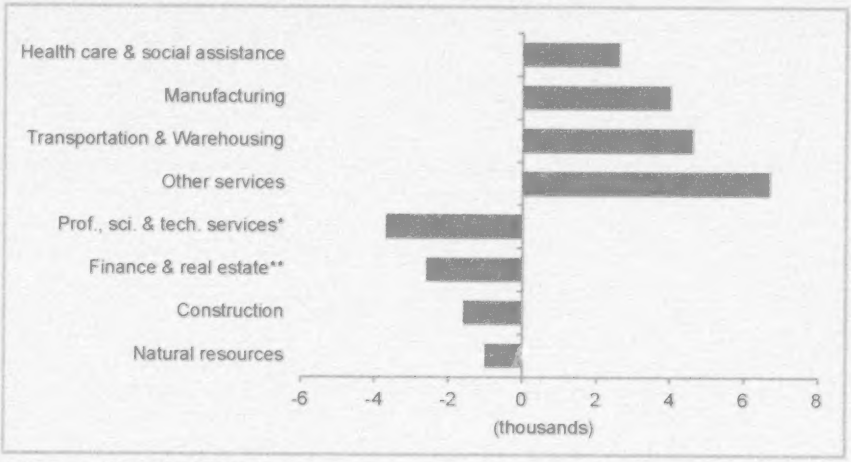
After plummeting in November, the value of building permits issued in Alberta rebounded by 31% to $1.7 billion, up 24% from December 2013. The rebound was driven by government construction (Chart 2). There was $342 million in permits pulled for schools, as the government looks to build 12 new schools and renovate others. Excluding government and institutional buildings, permits rose modestly in December. The value of permits issued in 2014 grew by 5.6%, down from the rapid pace of the previous few years, but still strong.

Residential building permits grew by 9.3%, while non-residential permits were largely unchanged from 2013.

Nationally, there was $7.1 billion-worth of building permits issued, up 10.4% y/y. On an annual basis, national building permits were up 5.2%

Chart 1: Overall strength but oil price weakness starts to seep in

January employment change for select Alberta industries



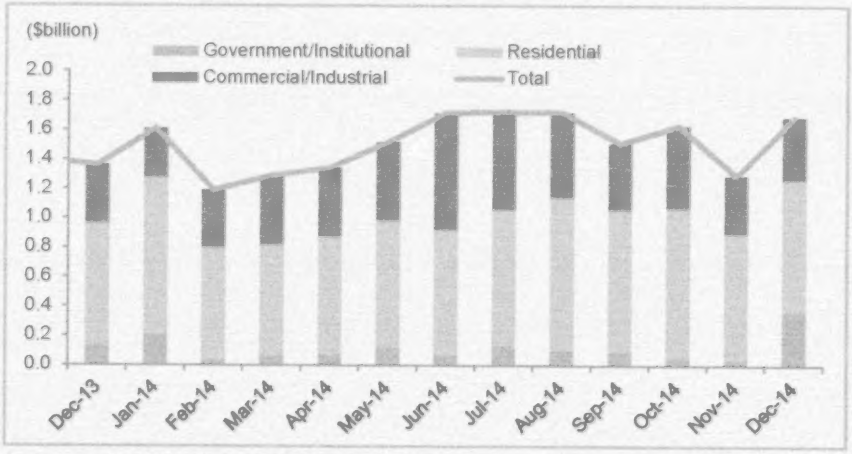
Source: Statistics Canada

* Professional, scientific and technical services

** Includes insurance and leasing

Chart 2: New schools help lead to a rebound in building permits

Alberta Building Permits



Source: Statistics Canada

Merchandise Trade

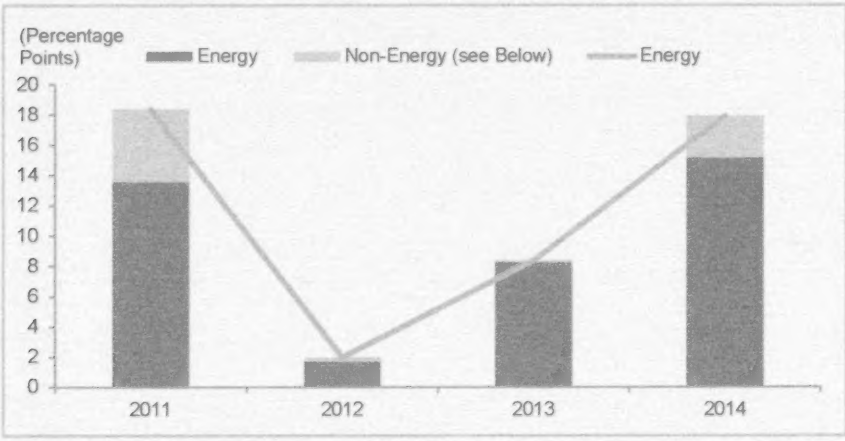
Exports and their import

Alberta's international exports of goods totaled $10.5 billion in December, 16.2% higher than in December 2013. As usual, energy exports were the major driver, up 18.5% y/y. Despite lower prices, oil exports were higher in December, mostly on volumes which were up by almost a third from the year prior. Chemical plastic and rubber products also added considerably to growth, as did forestry products. Annually, exports in 2014 grew by 18% as energy exports were up 20% (Chart 2). Among non-energy exports, the biggest contribution to growth came from consumer goods; chemical, plastic & rubber products; and forestry products (Chart 3). Despite a poor end to the year, agricultural exports were up 4.3% in 2014.

Canada's merchandise trade deficit doubled to $0.6 billion in December as exports grew slower than imports.

Chart 3: Both energy and non-energy exports contributed to growth in 2014

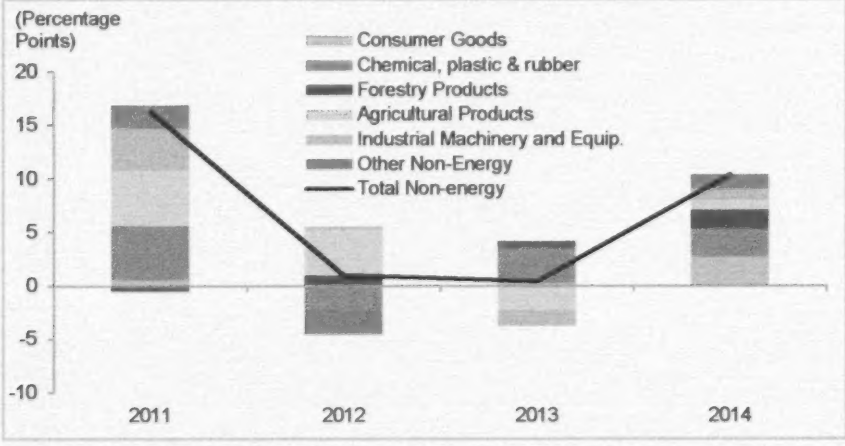
Contribution to annual change in Alberta international goods exports



Source: Statistics Canada

Chart 4: There was broad-based growth in non-energy exports

Contribution to annual change in Alberta non-energy goods exports



Source: Statistics Canada

Farm Product Prices

Beef prices continue to rise

Beef Cattle continued to get more expensive in December, with prices up 5.8% from November and 50% from December 2013. The cattle population in North America has fallen to the lowest level in 30-years and this has been supporting prices. Hog prices have come down considerably from the summer as the hog population has continued to recover after being thinned by disease. Prices are still 14% higher than in December 2013. Canola and wheat prices have started to inch up, but remain down 11% y/y.

US Employment

Impressive start for 2015

The US labour market continued to gain momentum heading into 2015, adding 257,000 jobs in January. The unemployment rate was little changed at 5.7%, but 0.4 percentage points below the average for 2014 (6.2%). Other important indicators of labour health have also continued.The average duration of unemployment was three weeks shorter than in January 2014, permanent layoffs declined by 23.4% (y/y), and workers leaving jobs voluntarily (eg, for better job opportunities) increased by 4.4% (y/y). The November and December job figures were revised up by a combined 164,000, bringing total employment growth for 2014 to 3.1 million jobs, the most since 1999.

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Please see the *Alberta Economy- Indicators at a Glance* for a snapshot of Alberta indicators.